Colorado Springs Utilities
Nov. 9, 2005

Energy Supply

Colorado Springs Utilities
it's how we're all connected

Colorado Springs

- Utilities
  - 500 square miles
  - 500,000 customers
  - 4 commodities, street lights & associated services
  - Citizen owned

Colorado Springs Utilities

- Electric
  - 830mw summer & 748mw winter demand (2004)
  - Serve 72% of load
    - 2 coal plants
    - 4 gas
    - 3 hydro
  - 4.689 million MWh (2004)
- Natural Gas
  - 275,000 MCFD transportation
  - 24,000,000 MCF sales

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Outline

- Current State
- Our Energy Supply Outlook
- Current Direction

Current State

Volatility on all fronts

- Electric Load
- Electric Market
- Gas Market
- Coal Market

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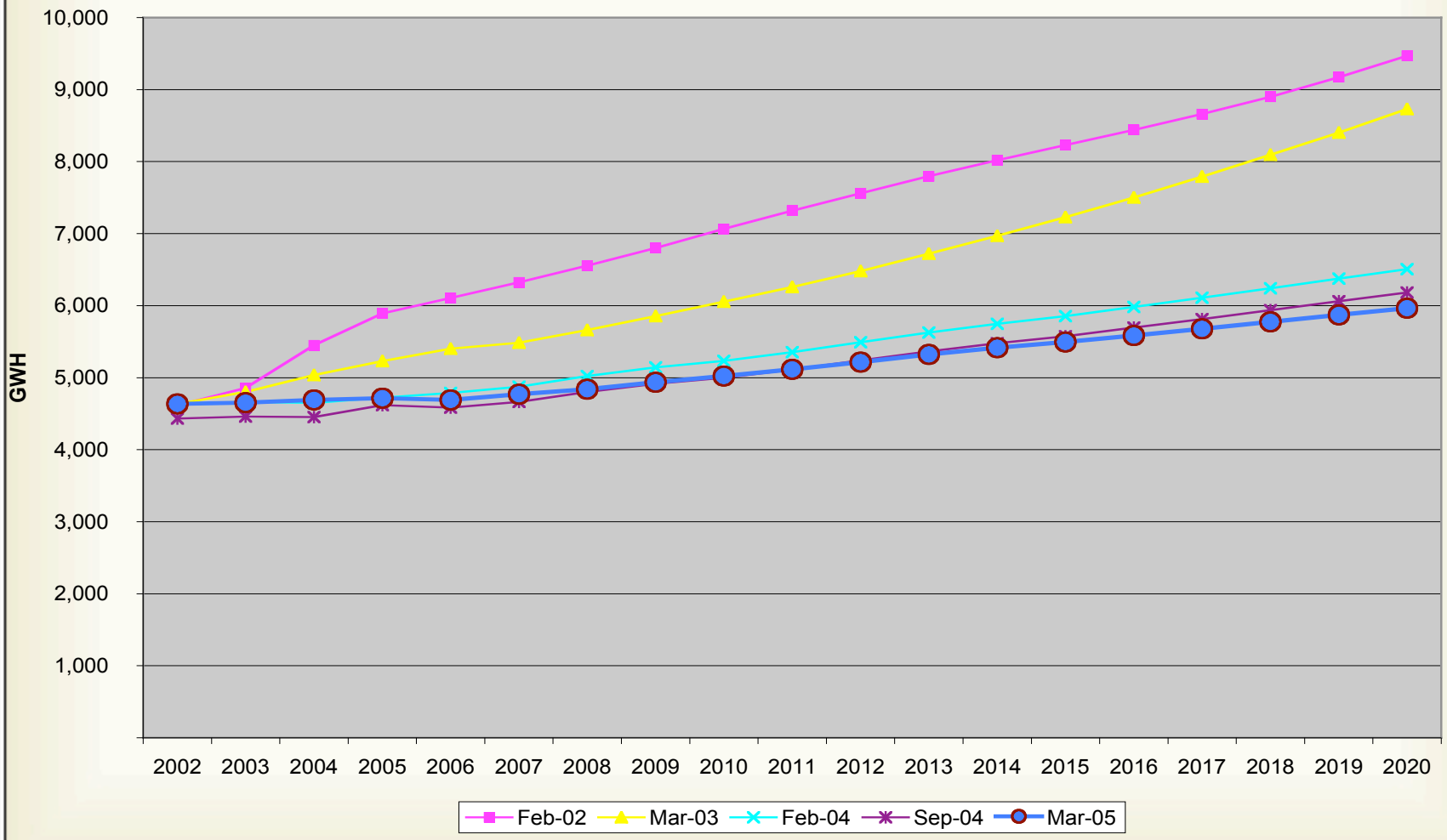
Electric Load Forecast Comparison - Energy



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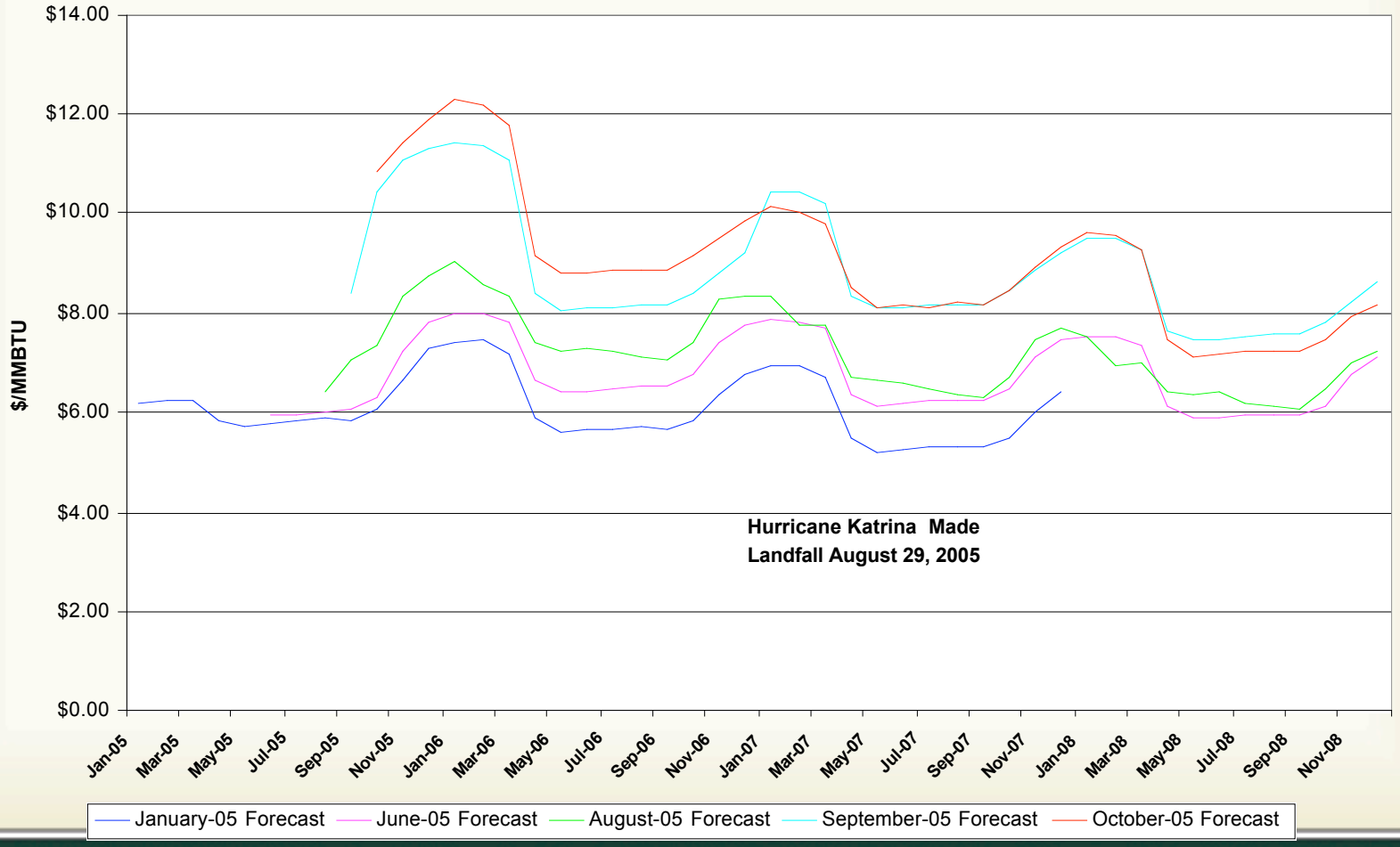
Gas Forward Price Forecasts



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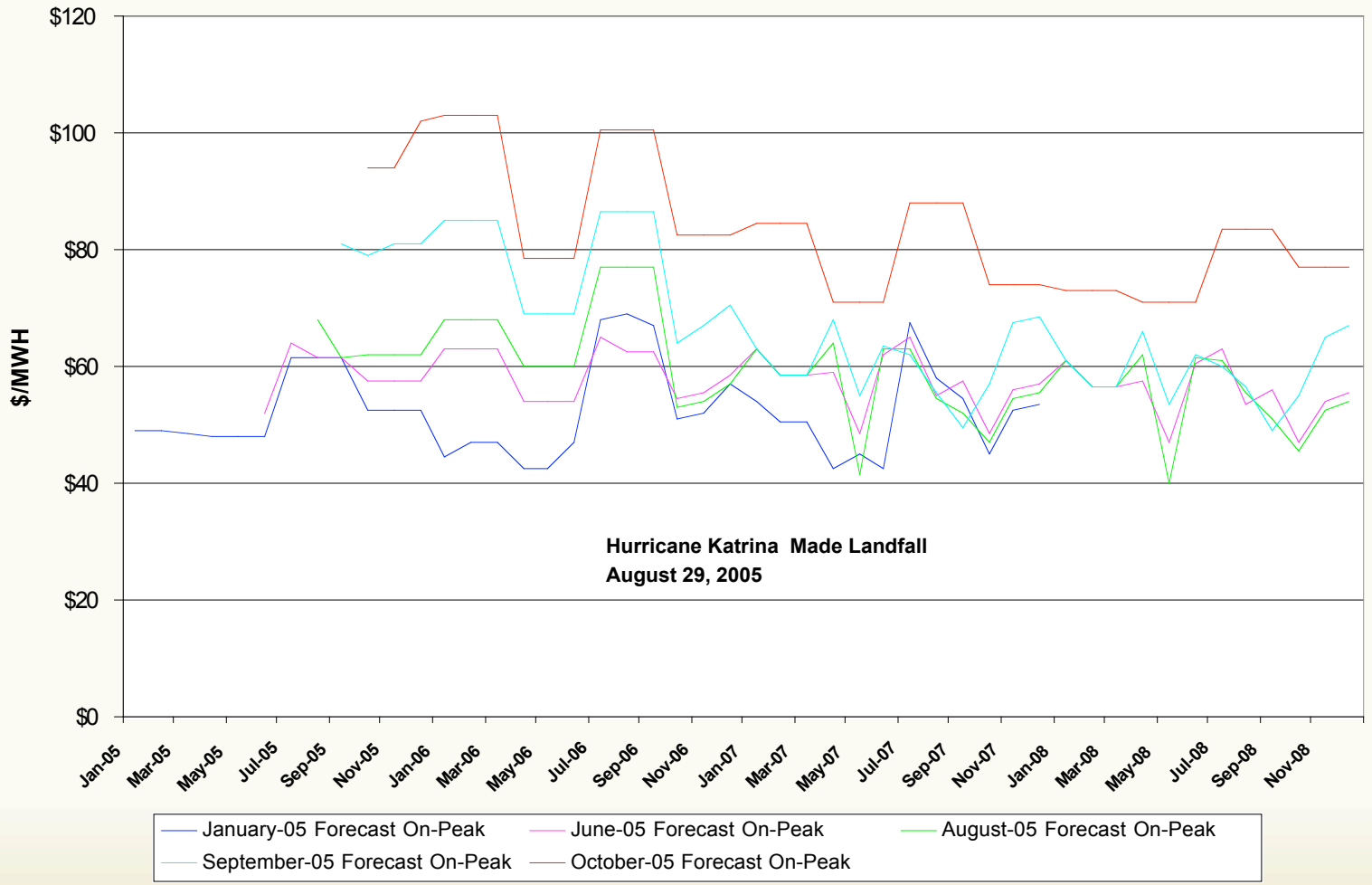
Electric Forward Price Forecasts



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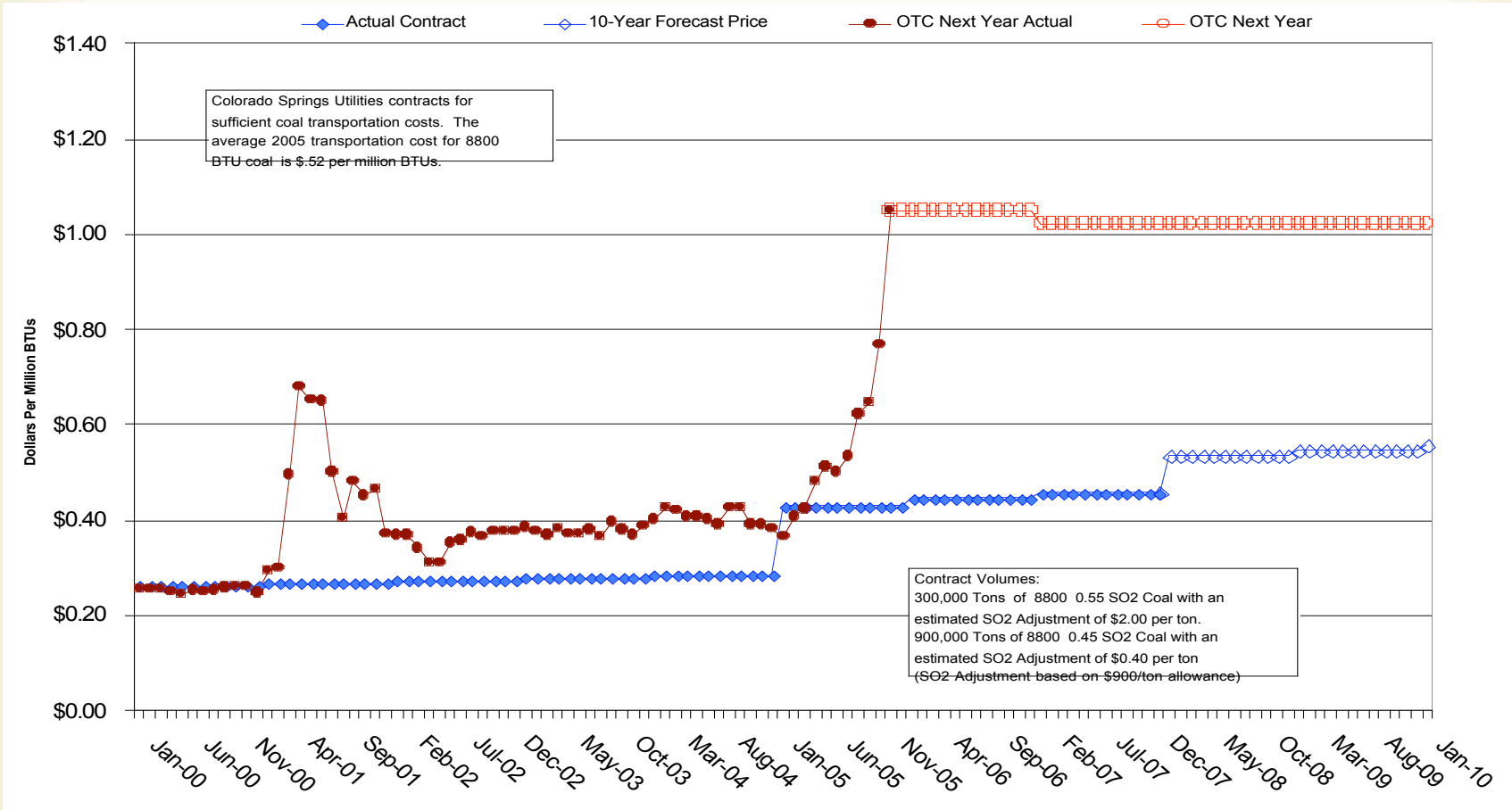
Monthly Average Low BTU Coal Market Prices (PRB)
11/08/2005



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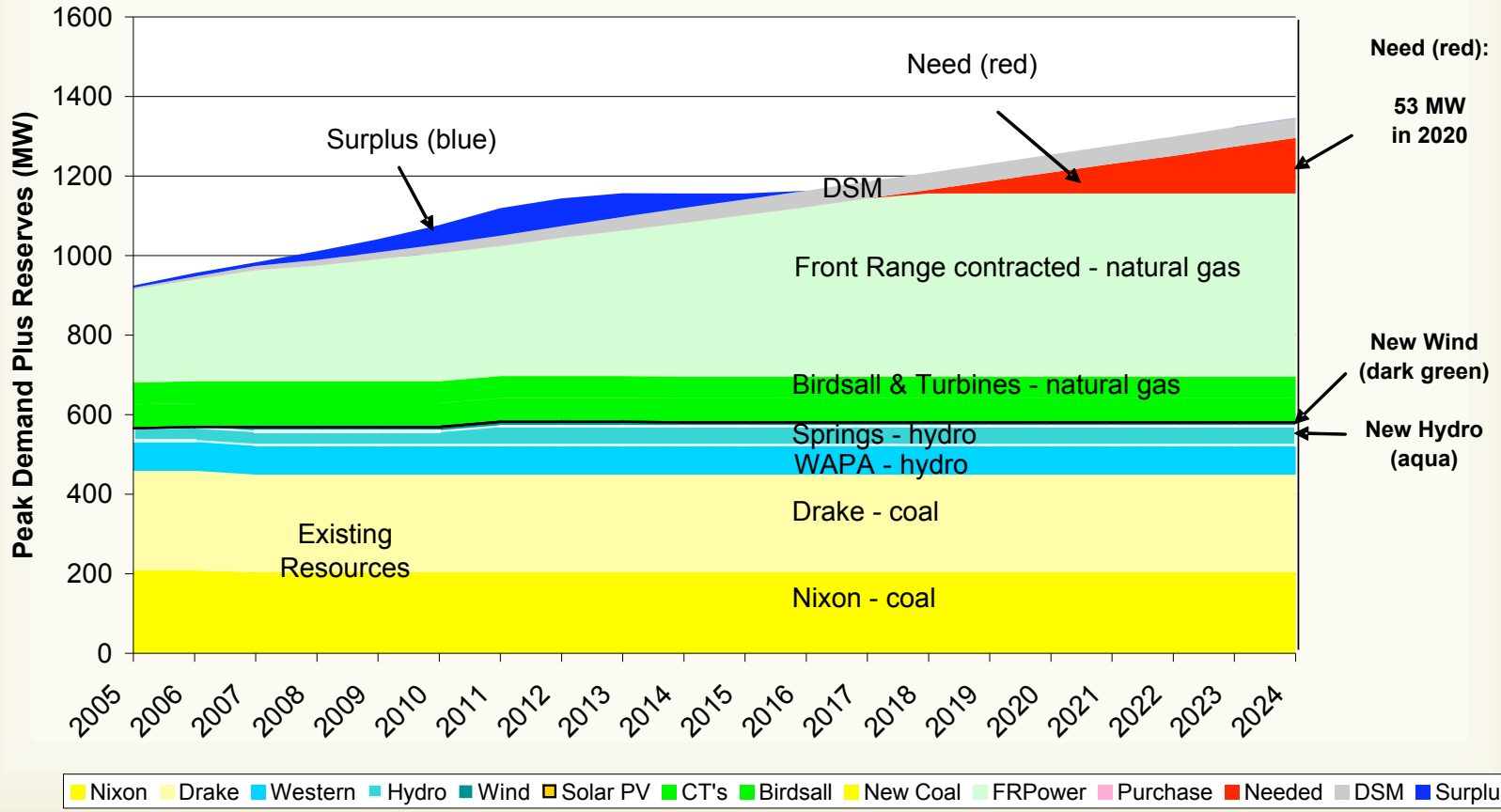
Energy Supply Outlook

- Springs Utilities Loads and Resources
- Spring Utilities Energy Mix
- Springs Utilities EIRP
- Spring Utilities Renewable Energy

Electric Load and Resources

Recommended Case - March 2005 Draft Load Forecast
(Megawatts)



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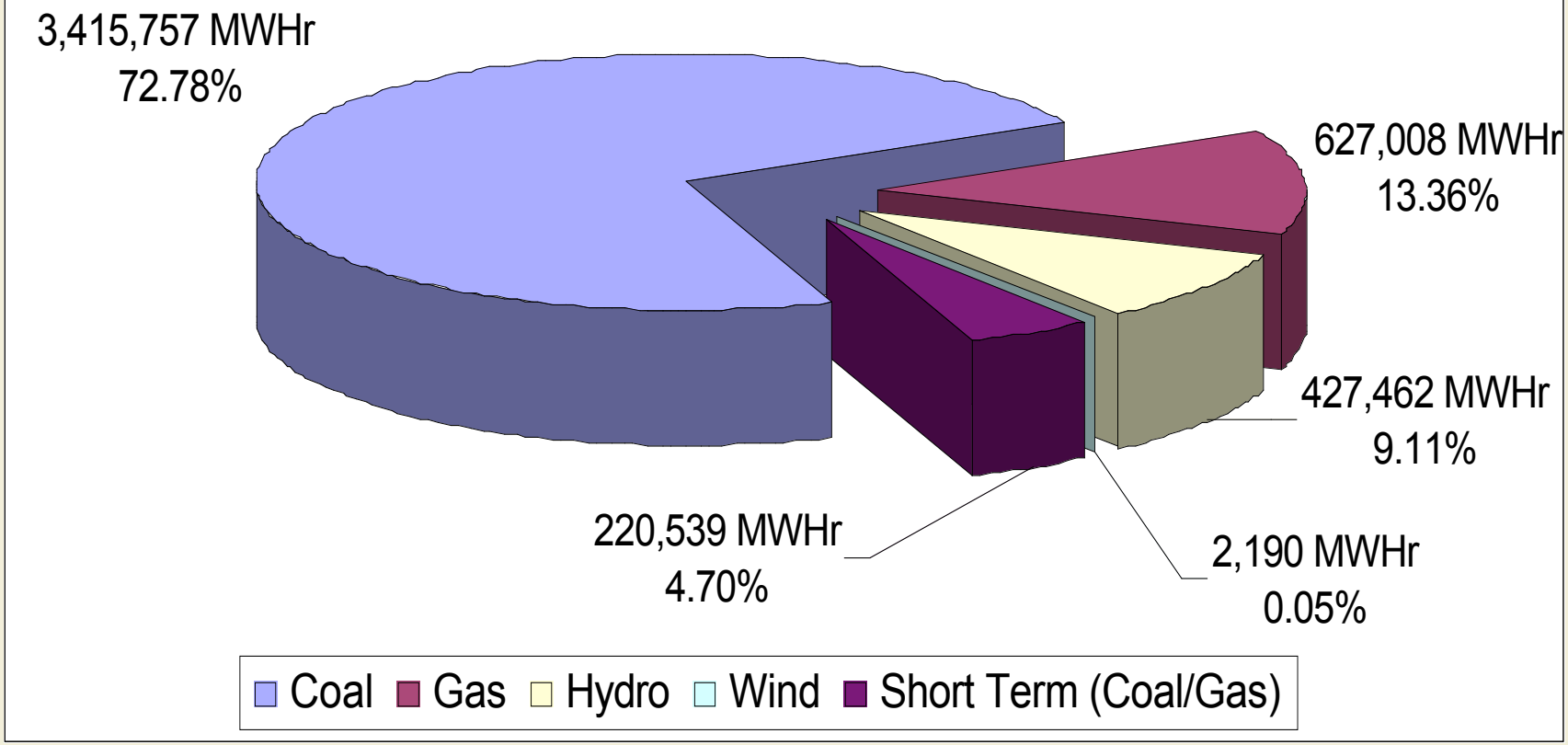
Energy Supply Portfolio Energy Fuel Type

2006 Budget Plan-Oct 05



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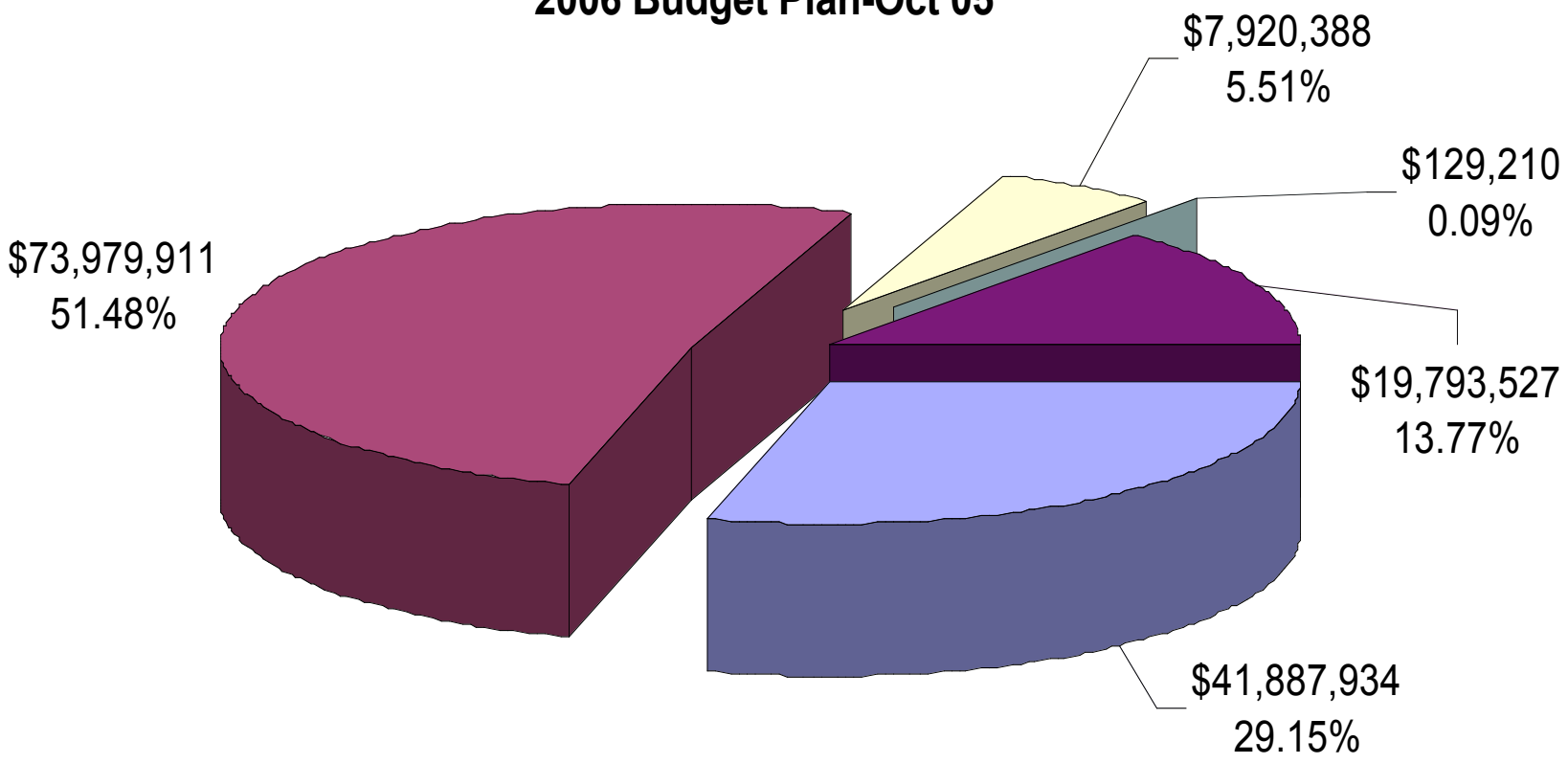
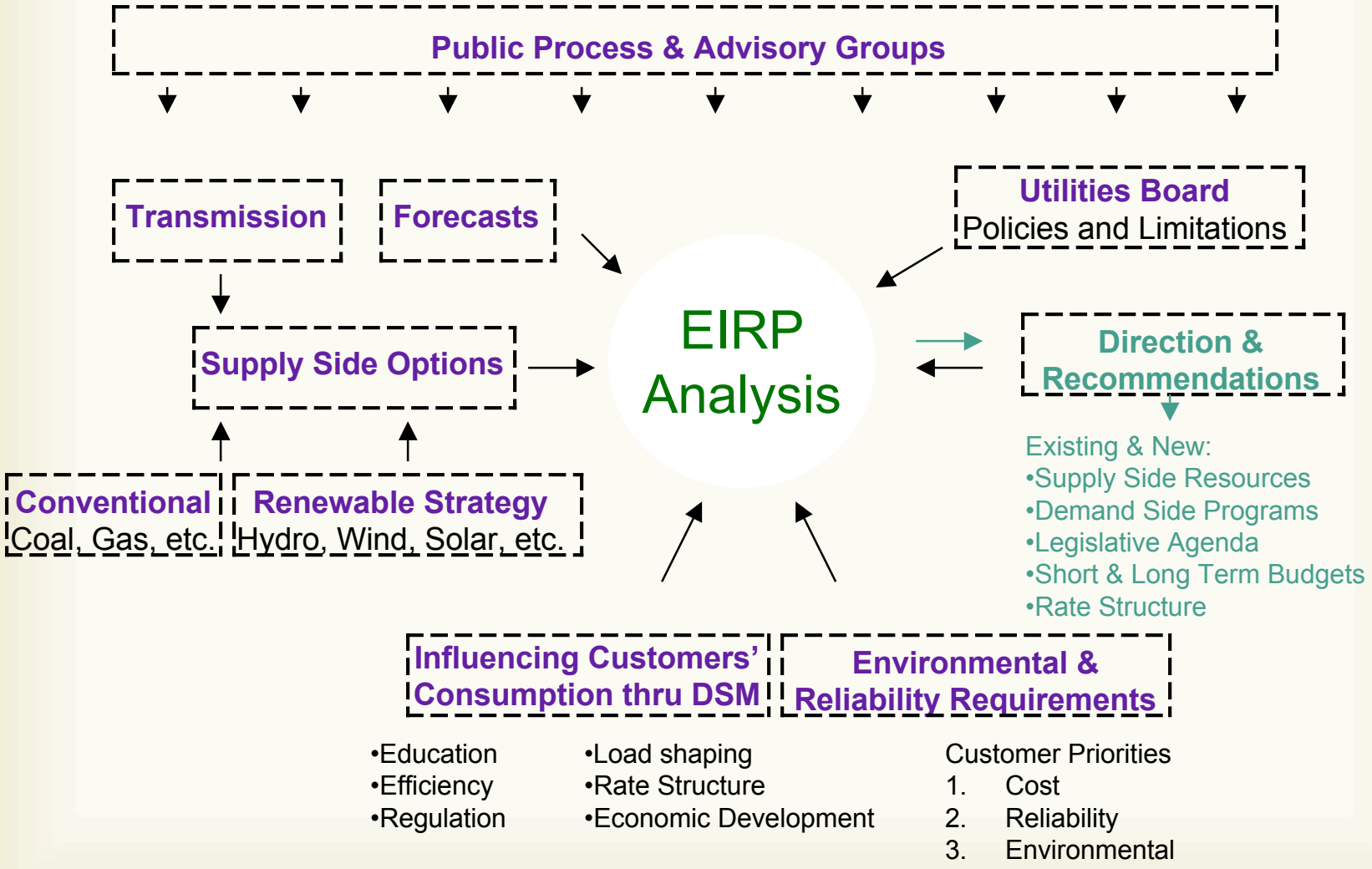
Energy Supply Portfolio Energy Cost

2006 Budget Plan-Oct 05



"Gas" includes FRPP capacity charge


Public Process & Advisory Groups
Transmission
Forecasts
Utilities Board
Policies and Limitations
Supply Side Options
EIRP Analysis
Direction & Recommendations
Existing & New:
•Supply Side Resources
•Demand Side Programs
•Legislative Agenda
•Short & Long Term Budgets
•Rate Structure
Conventional
Coal, Gas, etc.
Renewable Strategy
Hydro, Wind, Solar, etc.
Influencing Customers' Consumption thru DSM
Environmental & Reliability Requirements
•Education
•Efficiency
•Regulation
•Load shaping
•Rate Structure
•Economic Development
Customer Priorities
1. Cost
2. Reliability
3. Environmental

Renewable Update

- Achieve a balance among cost, reliability and environmental stewardship
- Leveraging our four service utility infrastructure and operation
  - Active Projects in design and construction
    - Manitou 3 Hydro 2005 (560 kW)
    - Cascade Hydro 2006 (900 kW)
  - 2005 / 2006 active engineering and economic studies
    - Biogas - Byproduct of Waste Treatment
      1. Cogeneration at Clear Springs Ranch (1500 kW)
      2. Processing into pipeline quality gas – credit exchange strategy
    - Wind
      - Clear Springs Ranch wind study in progress (5 MW – 30 MW)
      - Complementary to load demand profiles
      - "OUR" wind source - high visibility to community
    - Hydro
      - Pine Valley 2007 (1300kW)
      - Northfield 2008 (1100 kW)
    - Biomass—Forest Residue
      1. Co-fired (10 MW)
      2. Stand-alone (6 MW)
- Other Options (planned 2006 feasibility and economic study)
  - Wind
    - Power Purchase Contracts
  - Renewable Energy Credits
- Demand Side Management

Current Direction

- Committed to Renewable
  - Comply with Amendment 37
  - Continue to evaluate all options for compliance
  - Continually review compliance issues
- Update EIRP
  - Engage Technical Advisory Group (TAG) and Content Advisory Group (CAG)
  - Integrate RPS requirements into plan
  - More exactly quantify and evaluate supply options' costs
    - Commodity and Integration
  - Integrate transmission constraints / opportunities into plan
- Continue execution of 2004 Action Plan
  - Complete studies / evaluation of renewable alternatives
    - Integrate results into EIRP